GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:72
ANSWERED ON:01.03.2005
IMPACT OF FREE MOVEMENT OF CLOTH
Chakraborty Shri Ajay

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Union Government has conducted any survey to assess the impact on the domestic market following the free movement of cloth as per World Trade Organisation (WTO) agreement w.e.f. January 1, 2005;

(b) if so, the details thereof; and

(c) the remedial measures undertaken by the Government to protect the interest of the domestic market?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a)&(b) Government of India has not conducted any survey to assess the impact of abolition of quota regime on the domestic market. However, the liberalised trading regime would result in increased international trade in textiles thus providing greater export opportunities and at the same time expose the domestic industry to import penetration in the domestic market. The industry will have to improve its efficiency and productivity to meet the emerging global competition.

(c) Government has been taking a number of steps to enable the Indian textile industry to meet the emerging global competition and to protect the indigenous domestic market. Some of the important initiatives taken are:

i) The Government has imposed a combination of ad-valorem and specific duty on `whichever is higher basis` on the imports of a number of textile items to safeguard the interests of the domestic industry.
ii) Government is keeping a watch on the imports and in case any unfair trade practices come to notice, action, if necessary, under WTO provisions could be taken.
iii) The Technology Upgradation Fund Scheme (TUFS) has been made operational from 1-4-1999 to facilitate the modernisation and upgradation of the textile sector.
iv) Weaving, processing and garment machinery, which are covered under TUFS, have been extended the facility of accelerated depreciation at the rate of 50%. Cost of machinery has also been reduced through fiscal policy measures. This further encourages modernisation.
v) With a view to making fabric production competitive, the custom duty on shuttleless looms has been brought down from 15% to 5%.

vi) To improve the productivity and quality of cotton, Government has launched the Technology Mission on Cotton (TMC).
vii) Government has launched a centrally sponsored scheme titled `Apparel Park for Export Scheme` for imparting focused thrust for setting up of apparel manufacturing units of international standards at potential growth centres to give a fillip to exports.

viii) For upgrading Infrastructure facilities at important textile centres, a scheme titled `Textile Centre Infrastructure Development Scheme` (TCIDS) has been launched.